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BOONE PICKENS SPEAKS
FEBRUARY 16, 1987

STOCKS THAT STILL LOOK GO

FORTUNE

THE NO. 1 CAUSE OF EXECUTIVE GUILT

Who's Taking Care of the Children—and How Will They Turn Out?

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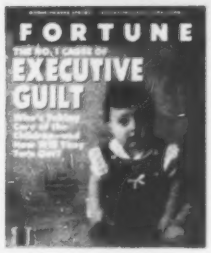

William Coupon photographed this 5½-month-old baby girl. *See page 30.*

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EXECUTIVE GUILT: WHO'S TAKING CARE OF THE CHILDREN?

And how will kids raised by nannies and in day care centers turn out? Worries are being aired from corporate boardrooms to Congress to Doonesbury cartoons. ■ *by Fern Schumer Chapman*

CONRAD LUNG, 37, vice president of Amtex Sportswear Inc., used to go to his Manhattan office every day a profoundly unhappy man. The source of his pain was the source of his joy: Jennifer Lung, his then 1-year-old daughter. Lung's wife, Yin, also works for Amtex, as manager of operations, and little Jennifer spent 11 hours a day in a child care center near the family's house on Long Island. Says Lung: "I had a lot of trouble concentrating on my job. I had this image of my girl crying, and it wouldn't leave me." He thought about quitting to stay home. After his parents moved next door and took over as babysitters, his mind went back to work. But, he says, "the guilt has not disappeared completely."

The first, heady, breaking-new-ground phase of the social experiment called dual-career parenting seems to be ending. In its place: a more reflective, and troubling, stage. More and more parents are asking whether the higher salary, bigger title, or extra professional recognition can make up for leaving a toddler in tears each morning, or returning to a teen who is hurt and angry each night. Even parents who can afford the best child care worry that it will not provide the warmth and doting attention they remember having as children. In a recent study of corporate women officers prepared by the executive search firm Heidrick & Struggles, the respondents ranked quality time with children as the primary personal sacrifice they made because of their careers.

Management psychologists agree that nothing tugs more insistently at executive psyches these days than the fear of short-changing the kids. Garry Trudeau, cartoonist and father of three, captured the feeling in a recent Doonesbury strip. A child being picked up from a day care center tells his mother: "I was crying because all the other children went home and you were late again, but Mrs. Wicker gave me Oreos and let me watch cartoons and I called her 'Mommy' by mistake." The mother looks at her child and says, "You play hardball, kid." The issue of who should take care of the children is fast emerging as the No. 1 source of executive guilt. Says Dr. Lee Salk, professor of psychology in psychiatry and pediatrics at New York Hospital–Cornell Medical Center: "Guilt is what parents are coming to talk to me about."

Nor is personal guilt the only worry. Sociologists, child psychologists, and other social scientists are analyzing how children raised by babysitters and in day care centers will turn out. The notion that society would benefit if infants were able to spend their first few months with their parents is driving a new bill in Congress called the Family and Medical Leave Act. Warns Salk: "Unless we provide good-quality child care, we are going to see more problems in adolescents. These kids are going to say to their parents: 'Why should I listen to you now when you weren't there when I needed you?' "

Corporations are beginning to discover that more and more of their most valued employees are willing to sacrifice work time, productivity, and possibly even careers to devote themselves to family matters. To see how working couples handle the conflicting pressures of raising children and holding down jobs, FORTUNE commissioned a survey of 400 men and women with children under 12. The study, the first nationwide look at the relationship between child care problems and productivity, was conducted in coordination with New York's Bank Street College of Education and the Gallup Organization. FORTUNE asked questions about child care, stress symptoms, and job satisfaction. Based on the answers, Bank Street analysts measured the causes of certain parental anxieties and how they carry over into the workplace.

THE RESULTS, which appear in part in the table on page 35, show that fathers are sharing not only family responsibilities but also the worry, stress, and guilt associated with leaving the child in someone else's care. Fathers were almost as likely as mothers to say that the job interferes with family life. And they were even more inclined to sacrifice career opportunities that would cost them time away from their family. Nearly 30% of the men in the survey said that they had refused a new job, promotion, or transfer because it would have meant less family time; 25.7% of the women gave the same response. Almost 25% of both men and women sought a less demanding job in order to spend more time with their families.

A recent Stanford University study showed that husbands of dual-MBA couples have more anxiety about the children than their wives do. Says Thomas W. Harrell, professor emeritus of applied psychology, who conducted the study: "A stay-at-home wife seems to insulate husbands from some of the stresses." Michael Nicolo, purchasing manager at Campbell Soup Co., in Camden, New Jersey, says he's proof of that theory. When his two boys were younger, he spent much of his work time worrying about them at

REPORTER ASSOCIATE *Susan Caminiti*

ANDY FREEBERG

their day care center. However, he was quite at ease when his wife, Diane, who works part time, was with them.

Parents generally do not wear their guilt on their sleeves, and those answering the FORTUNE survey were no exceptions. Most said they were very satisfied with the child care solutions they had found and were convinced that the children of dual-career couples are more independent, more socially adept, and have interesting role models for parents. But they also admitted to many anxieties: 61% worried that children were rushed to conform to parents' schedules, and 57% were concerned that children did not get enough attention.

More important, the survey showed that child care responsibilities take a toll on productivity. Some 41% of parents in the survey lost at least one day's work in the three months prior to the poll to care for family matters—tending a sick child or going to a school play—and nearly 10% took three to five days off. Ellen Galinsky, director of Work and Family Life Studies at Bank Street, who designed the survey with colleague Diane Hughes, figures that these results will surprise most managers, since they show that in some cases child care is as strong an influence on a worker's performance as such predictable motivating factors as the number of hours worked, the relationship with a supervisor—and even job security. Says Galinsky: "Our major finding is that problems with child care are the most significant predictors of absenteeism and unproductive time at work."

One glimpse of the productivity costs comes from a recent book, *Childcare and Corporate Productivity*, by John P. Fernandez, a manager of personnel services at AT&T. Fernandez found that 77% of women and 73% of men he surveyed take time away from work attending to their children—making phone calls, ducking out for a long lunch to go to a school play. That alone translates into hundreds of millions of dollars in lost output for U.S. corporations, he says.

Working parents seem to be trying to assuage their guilt by cutting corners on the job—and that vexing situation is not likely to change. The typical American family, with dad at work and mom taking care of the kids, is mainly the stuff of Ozzie and Harriet reruns. Less than 33% of families follow the Nelson family model, vs. 48% 11 years ago,

Security is a father's leg *for Benji Walker, 2, as he starts a day at My Other Mother's, a child care center in Alexandria, Virginia.*

according to the Bureau of Labor Statistics. Nearly half the work force is made up of two-career couples and single parents. Of mothers with children under 3, 45% have jobs. And in a dramatic departure from the old ways, nearly half the mothers with children less than 1 year old work. Some women do it for personal gratification; career opportunities for women are greater than they ever have been. Others work because they must: One family in six is headed by a single, divorced, or widowed woman.

But parents, including those who count themselves happy with their child care, often have little way to really know how good the care is. Toddlers and even preschoolers cannot reliably report whether they have been treated with sensitive attention or blasé indifference.

Quality in day care centers varies enormously. States license the private for-profit and not-for-profit centers, but not those run by public agencies and, often, religious organizations. Regulations in some states, however, tend to govern simple criteria—the height of children's tables, the number of toilets—and ignore such important matters as learning activities or the teacher-child ratio. Wages tend to be low—an average of $8,000 a year for child care providers—and turnover is high, about 40% a year. Says Lawrence Schweinhart of the High/Scope Educational Research Foundation, a nonprofit child care development group in Ypsilanti, Michigan: "A parking lot attendant is paid the same as a child care worker. If we assign the same importance to someone who parks our cars as to those who take care of our children, we have a serious social problem."

ANN PRESNO

Infants as young as six weeks *are enrolled at My Other Mother's, a nonprofit center that promotes its "loving developmental learning program to meet the needs of contemporary families."*

Most of the people responding to the FORTUNE survey said they did not have much trouble making child care arrangements. But one of three parents of infants, and one of four parents of 3- to 5-year-olds, reported that finding care was difficult. About one-quarter of the fathers and mothers chose day care centers for their 1- to 5-year-olds. The next most popular solutions: a babysitter who works in the house, and so-called family day care in someone else's house. Not surprisingly, one-quarter of the parents of infants said they left them with relatives.

The parents who have most control over child care are those who can hire their own help. A nanny, babysitter, or housekeeper who stays with the child during the day is perhaps the most convenient form of child care. Parents do not have to bundle baby up and schlep halfway across town at dawn. The child has all the comforts of home, and the opportunity to monopolize one person's attention. But this is an expensive solution. A Conference Board survey of child care costs in major U.S. cities found that nannies who come for the day charge $165 to $200 a week in Dallas, Denver, and San Francisco, and as much as $340 in Boston. To get around the high costs, some families sponsor immigrants to work as babysitters; others risk tangling with the law by hiring illegal aliens.

FOR LIVE-IN HELP the fee is less, about $150 a week, since it includes room and board. Many so-called live-ins are *au pairs*, young women from Europe or rural parts of the U.S., who take the job as much for the experience of living in another part of the world as for the money. *Au pairs* in the program sponsored by the American Institute for Foreign Study, a Connecticut-based nonprofit outfit, get $100 a week for 45 hours of child care and light housekeeping; parents also pay the organization $55 a week. Another program, organized by the Experiment in International Living, charges the same fees.

Family day care, in which typically a half dozen children are supervised in a neighbor's house, has several advantages: the same adult every day, a chance for socialization, and economy. Some states license these centers; others regulate only homes that take in more than five children. Family day care costs about $50 to $100 a week on average for a child under 5.

Institutional day care centers usually require that a child be at least 2 years old and toilet trained. The Conference Board reports that parents in Atlanta pay $35 to $70 a week for a child under 5, while their New York City counterparts put down $50 to $150. Parents like day care centers because they are reliable and give children an early taste for learning and such social graces as drinking from a cup and sharing. But these centers tend to have inflexible arrival and departure times. And they will not accept sick children, a situation that leads working parents to consider "I don't feel good" the

DAVID STOCK—ONYX

Home away from home: *Barbara Christian hands Jennifer, six months, to Anne Ybarra, then heads to Hewlett-Packard's Cupertino, California, office. Ybarra cares for six children in her house.*

most upsetting four words in a toddler's vocabulary.

The variable quality of child care means that many parents will not be able to shed the nagging doubts about what's going on during those long hours at the office. Whose problem is this? A case can be made that it is not only the parents' but the employers' and ultimately society's. Says Bank Street's Galinsky: "Couples seem to feel that child care is their problem alone. It's not. It's an institutional problem. Families have changed much faster than the institutions that the family relies on."

A growing number of corporations seem to be trying to catch up. About 3,000 companies offer subsidized day care centers, financial assistance for child care, or child care referral services. That's a jump of 50% since 1984. Dana Friedman, senior research associate at the Conference Board, says, "Child care is likely to be the fringe benefit of the 1990s, because being sound for employees, it becomes good for business."

What do employees want from a company in terms of child care help? FORTUNE asked the working parents it surveyed which child care benefits they would like their employers to introduce and which benefits already in place were most valuable. The two did not always correspond. At the top of the wish list are a pair of items that seem to have nothing to do with child care: merit raises and management training. Galinsky explains that the respondents indicated they wanted their compensation tied to performance so that they could spend more money on child care. She also says that the management training the parents had in mind was the kind that makes supervisors more sensitive to employees with child care needs. The next most popular choices were work-family seminars, subsidized child care, ability to use salary deductions for child care, partial reimbursement of child care expenses, and flexible working hours. At the very bottom of the list, employees in the survey ranked resource and referral services, control over work hours, and more part-time work. But the priorities of working parents in companies that already offered many or all of these programs were quite different. They claimed that flextime, the resource and referral service, and control over work schedule were the most valuable company child care policies.

THE MOST EXPENSIVE commitment a company can make to employees with children is to build an on-site day care center. Only 150 companies have taken this step and some, finding the costs too high, have dropped out. Just a few months ago Kerry Clayton, the president of Western Life Insurance in St. Paul, Minnesota, figured on spending $600,000 to renovate a building that would house Western's new child care center. Those plans are now on hold: Clayton says not enough employees were interested. Campbell Soup converted part of a warehouse into a day care center for 120 children in 1983, which is now run by Resources for Child Care Management, a New Jersey company. Campbell says costs for the operation average $60 a week per child; it puts up about 60% of the amount, or $350,000 a year, and the employees pay the rest. The company is planning to build a new facility for a total of 320 children.

The advantages of such a center are obvious. Parents can drop in any time and—perhaps most important—know the corporation

No need to call in sick: *At Chicken Soup, a Minneapolis day care center for ill children, even chicken pox sufferers like Jamie Luecke, 3, center, and Benjamin Brausen, 4½, are welcome.*

ANDY FREBERG

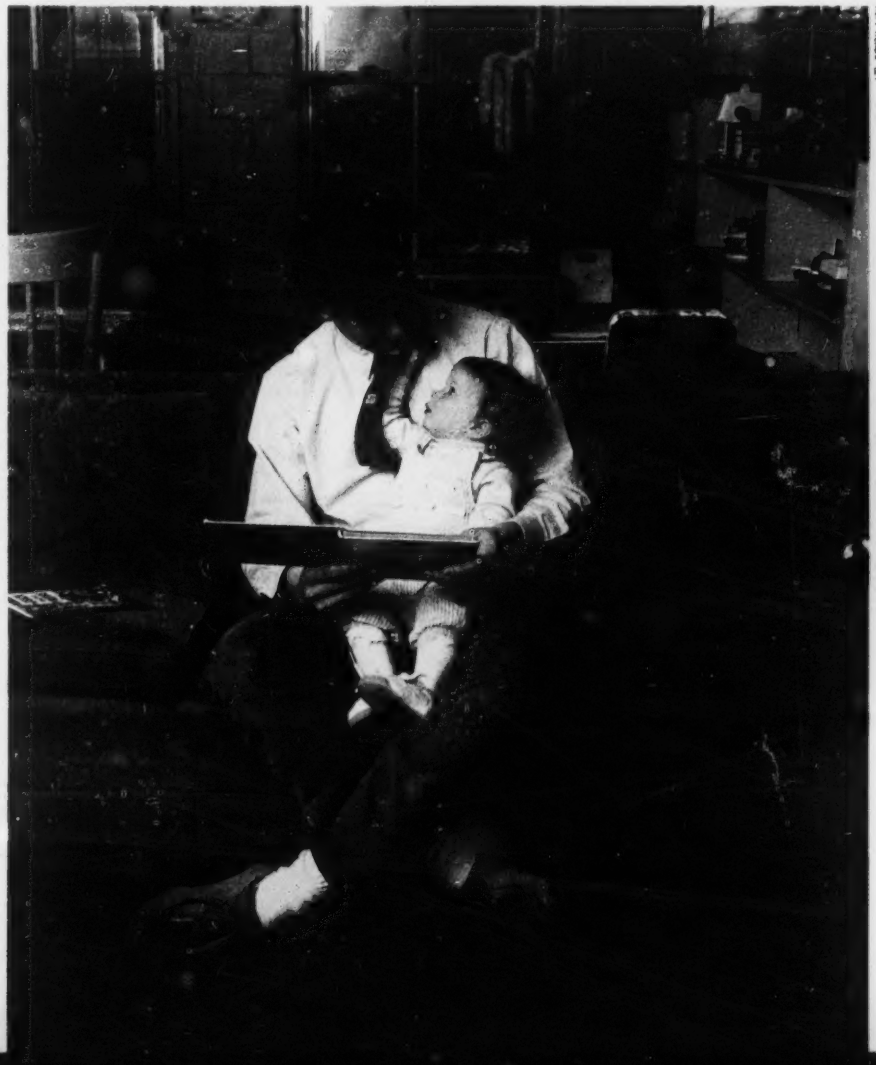
is guaranteeing the quality of the care. Companies benefit too, especially in recruiting and retaining employees. "The day care center swayed me to come to Campbell when I left Johnson & Johnson," says Robert Reveile, a product marketing manager for Swanson Dinners. Alvin Stern, a research scientist at Hoffmann-La Roche in Nutley, New Jersey, placed his three children in the company's center. Says he: "I was a single parent for four years. During that time La Roche supported me. For that, I really appreciate the company."

The problems with on-site day care are not so obvious. Since the centers have limited openings, some employees get preferential treatment. Manufacturers tend to build on-site day care at headquarters where their higher-paid employees work; often no child care is available at the factories. Says Robert Lurie, president of Resources for Child Care Management, a consulting firm: "You find situations where the people using the centers are the well-paid professionals who can afford the fees."

Some companies have found ways to underwrite day care centers without paying the entire bill or taking on the managerial headaches. Merck & Co. provided a grant to start a center in a vacant school near its Rahway, New Jersey, headquarters. The nonprofit center, run by a local group, covers most of its operating costs with fees; the rest comes from fund raising.

STILL MORE ATTRACTIVE for many companies—and far more cost-effective—is a resource and referral service, which trains parents how to find quality child care and screens a community's existing day care facilities. Steelcase Inc., the office furniture manufacturer in Grand Rapids, Michigan, set up this service in 1980 after concluding that starting and operating a high-quality day care center would benefit too few employees to justify its costs. What's more, says James C. Soule, vice president of human resources, "employees want such a diversity of child care services that an on-site center would have been inappropriate." The company employs two consultants who go out to evaluate day care centers and family-care homes. They keep lists of approved centers and babysitters for employees to use. Steelcase also helps employees meet the costs of child care by offering flexible benefits: They can spend part of their nonsalary compensation on child care costs instead of, say, dental insurance. Soule says a recent survey showed that 94% of the employees who used the referral program reported that it made them more relaxed and productive at work.

Companies that do not want to venture into the resource and referral business on their own can sign on one of the specialists in the field that are popping up all over the U.S. IBM contracted in 1983 with the Boston-based Work/Family Directions, a for-profit child care consulting group. IBM has paid the firm to establish 16,000 home-based family centers and open 3,000 group



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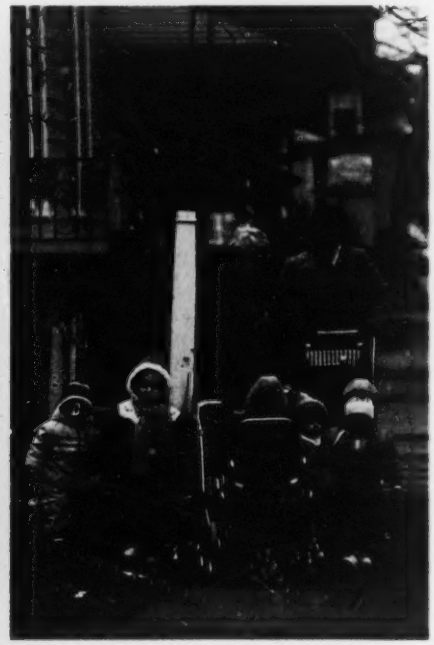


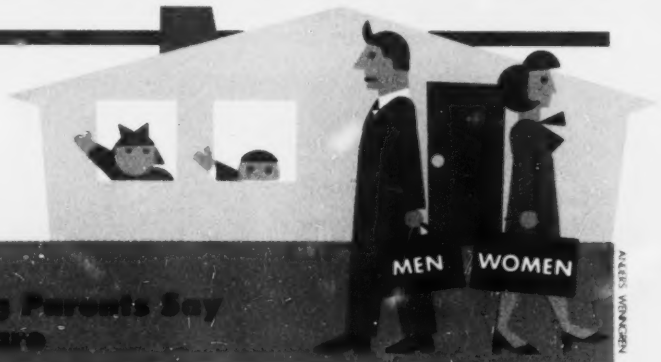
At Merck's *child care center, chemist Robert Wilkening spends his lunch hour trying to read to daughter Rachel, 1, who has a different idea. Other children go for a walk, above. The drug company put up the seed money to establish the center, which is located two miles from its headquarters in Rahway, New Jersey.*

day care centers for IBM employees and other families in communities all over the U.S. Says James Daly, manager of IBM's employee assistance programs: "We believe a company shouldn't go into a community and sap its resources." The BankAmerica Foundation has underwritten a consortium of corporations and government agencies formed to make more and better child care available in five California counties. The three-year-old consortium has a $1.1-million budget for recruiting, training, and helping license day care workers.

For sheer cost-effectiveness, nothing beats a facility for children too sick to go to school or day care centers. About 80 employers, up 50% from a year ago, have made some provision so that the mommies and daddies of cold, flu, or chicken pox sufferers can still report for work. The David and Lucile Packard Foundation and Levi Strauss & Co. funded a 17-bed children's infirmary that is attached to an independent day care center in San Jose, California. Other companies arrange to have trained nurses sent to the child at home. A group of law and accounting firms in Tucson, Arizona, pays $8 an hour for medical aides to hold the hands of employees' sick children. Says Martha Rothman, executive director of Tucson Association for Child Care Inc., a nonprofit child care service: "The employers can't even get a temporary for $8 an hour to replace an absent secretary." First Bank System, a Minneapolis bank holding company, pays 75% of the $26.26 a day for each employee's child who checks in to Chicken Soup, a sick-child day care operation in Minneapolis. Susan Wolfe, Chicken Soup's executive director, figures First Bank loses $154 a day if a $40,000-a-year middle manager misses work to take care of a sick child. She says, "Chicken Soup saves the company 87%, or almost $135 a day."

Companies have devised some innovative ways to help finance child care. Zayre Corp. gives child care reimbursements of up to $20 a week to employees at its headquarters with preschoolers. Cafeteria-style employee-benefit programs, like those offered by Steelcase, are growing more popular. Each year Chemical Bank allows employees to designate up to $15,000 in payroll deductions that can be used for supplementary medical coverage, legal fees, or child care costs. The bank disperses the money once a quarter in pretax dollars.

The worries about child care do not end when the kids are in a place mom and dad feel comfortable about—or even when the toddlers move on through school to adolescence. The big questions, increasingly raised by social researchers: What kind of children are we producing by proxy parenting? How will a generation of kids raised like no other generation before turn out?



A FORTUNE SURVEY

What Working Parents Say About Child Care

	MEN	WOMEN
Report that both spouses share equally in child care responsibility	55.1%	51.9%
Say the job interferes with family life	37.2%	40.9%
Sought less demanding job to get more family time	20.5%	26.5%
Refused a job, promotion, or transfer because it would mean less family time	29.6%	25.7%
Felt nervous or under stress in past three months	49.2%	70.2%
Missed at least one workday in the past three months due to family obligations	37.8%	58.6%
Think children of working parents benefit by having interesting role models for parents	77.5%	86.3%
Think children of working parents suffer by not being given enough time and attention	55.4%	58.2%
Would like their companies to provide a subsidized child care center	38.5%	54.1%
Would like their companies to offer flexible working hours	34.8%	54.1%
Think companies can do more to help manage work/family responsibilities	34.5%	30.9%

Though working fathers and mothers pretty much agree that they share equally in child care responsibilities and that their jobs interfere with family life, more fathers say they have refused a new job, promotion, or transfer that would take away from family time. Mothers are more likely to report that they feel stress. Only 30.9% of the women polled in FORTUNE*'s nationwide survey of 400 working parents wanted more child care help from their companies. But over half said they would like their employers to offer flexible working hours and provide subsidized day care centers.*

FOR ALL THE IMPORTANCE and poignancy associated with the topic, child care research is riddled with problems. The social scientists have not figured out how to separate the influence of child care practices from the many other factors that affect human development. Since the rise of the dual-career couple is relatively new, researchers have not yet produced long-term studies. And the academic literature concentrates on day care centers, paying little attention to other alternatives.

Compounding the confusion, male researchers generally seem to defend traditional child rearing, while their female counterparts more often champion the arrangements that free mothers from the burden. Militant feminists tend to dismiss the possibility that day care may not be an unmitigated blessing; the researchers who worry about day care's effects accuse them of adhering to the old Bolshevik credo that truth is what's good for the revolution.

Still, researchers have come up with a few generalities that most can agree with. One is that happy parents—including those who are

ANDY FREEBERG (2)

Sharing a job, *Kristi Witker, left, and Karen Hasby, right, both mothers of toddlers, had been refused part-time reporter's jobs at TV's Independent News. But when they came up with a plan to split the week—Kristi works two days, Karen three—the station manager agreed.*

happily employed—produce happy babies. Another is that the best child care arrangements are the ones with nannies or babysitters who can most closely simulate the mother-child relationship.

The tenuous consensus rests largely on an important child development theory that is gathering more and more followers. The theory rejects the Freudian notion that children's personalities are molded mainly by dramatic events or transitions through such major developmental phases as the oral and anal stages. Instead, it holds that development takes place in a long continuum of important moments—countless daily exchanges between the mother and the child that shape how the youngster later relates to other people.

The theory does not demand that mom (or dad) stay home with the kids. Says Stanley Spiegel, supervising analyst at the William A. White Psychoanalytic Institute in New York: "What's most important is that the child is given a sense that he is a worthwhile human being." That can come from almost any person who is sensitive to a child's needs, and who has enough time to spend with a child. But this notion raises serious questions about group day care. How can even the most dedicated child care worker provide those exchanges for several children at a time? Deprived of that interaction, Spiegel says, youngsters often lack self-esteem.

The champions of group day care for all children at any age argue that it encourages independence for both the child and the mother. Betty Friedan, feminist and author of *The Feminine Mystique,* for example, insists that children, regardless of age, blossom in child care. "It's good for them to go. It's best for children not to be tied to apron strings and just be at home," she says. Adds Bettye M. Caldwell, professor of education of the University of Arkansas at Little Rock: "Children have a strong urge to be with other children. And study after study shows that children in quality day care don't suffer a cognitive loss or feel any less attached to their parents."

THE EXPERTS who disagree are most worried about the effects of parenting by proxy on infants. Two of the most renowned child care experts in the U.S.—Edward Zigler, director of the Bush Center in Child Development and Social Policy at Yale University, and Thomas Gamble, director of the Edmund L. Thomas Children's Center in Erie, Pennsylvania—recently reviewed dozens of the most important child care studies. Their conclusion: "Alternatives to infant care should be made available to working couples who prefer to be with their babies during the first months of life." Their recommendation: a few months of paid leave for both new parents. Jay Belsky, professor of human development at Pennsylvania State University, says infants in day care run the risk of developmental difficulties. They are likely to become aggressive children, tuning out or

TAKING LEAVE

■ Washington is getting into the child care business. In mid-January the Supreme Court ruled that states could require employers to grant short, unpaid disability leaves for new mothers. But the court ruled against preferential treatment for pregnant women a week later. It said the few states that do not pay unemployment benefits to disabled workers need not give them to women who leave their jobs because of pregnancy. Meanwhile, the House and Senate are about to hold hearings on a bill that would require employers to grant up to 18 weeks unpaid leave for both mothers and fathers.

Parental leave policies at many large corporations are even more generous than the bill would legislate. But barely half of U.S. companies offer extended maternity leaves, and business lobbyists are revving up to fight the bill. Paul Franson, who owns a public relations agency in San Jose, California, argues that maternity leaves are costly and disruptive. In six years the issue never came up among his 45-member staff. Now two women are pregnant and three others are new mothers. He jokes: "We've thought about putting birth control in the water."

even resisting the routines of school.

Some studies show that children who spend their early years in day care centers are growing up dismayingly different from those who stay at home. A 1985 study of kindergartners and first-graders who spent their first year of life at the University of North Carolina's highly regarded day care center were found to be more likely to hit, kick, push, threaten, swear, and argue than their home-reared counterparts. In 1983 researchers compared 122 Detroit infants who were cared for in four different settings—at home with their mothers, at home with babysitters, with babysitters outside the home, and in group day care. The study found no differences between babies raised with their mothers or by babysitters, but concluded that group care infants were more apathetic, less attentive, and less responsive and verbal than the others. Those who spent the most hours in day care situations were the least well adjusted.

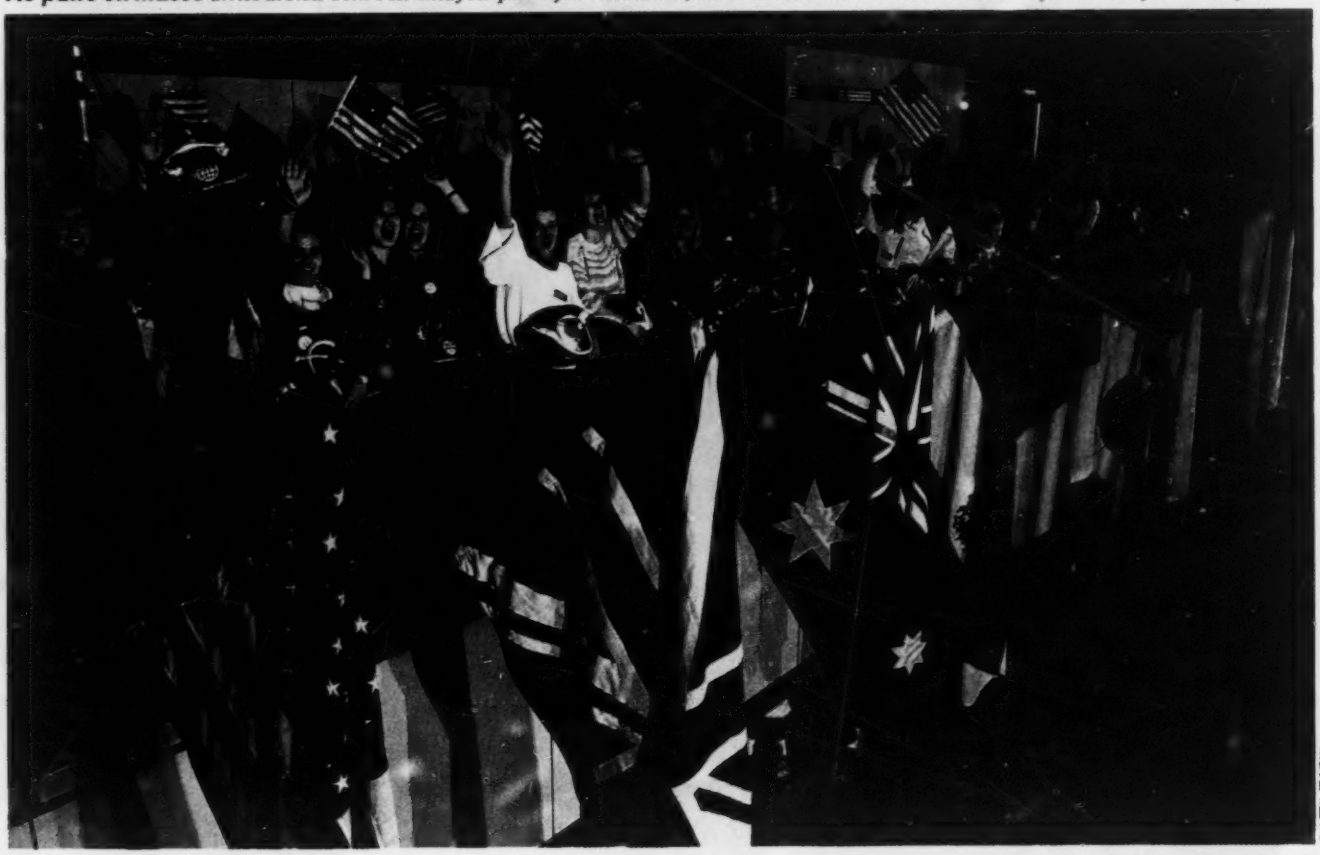
These findings probably reflect the *best* outcomes, since studies are generally conducted in quality day care settings. "The lousy centers won't let a researcher near the place," says Yale's Zigler. In the programs attended by children of low-income families, one worker may tend 18 cribs or place 25 toddlers in front of the television all day. Says Zigler: "If a mother treated her child the way some centers care for children, we'd accuse her of neglect."

EVEN NEGLECTFUL CARE is better than none. Researchers maintain that working parents leave a half-million preschool children at home alone at least part of the day. Child care experts, including those at Work/Family Directions, say that alarming number is a conservative one. In addition, seven million "latchkey" children from 6 to 12 years old fend for themselves after school until their parents return home from work.

So far research on latchkey children has yielded mixed results. Some experts say they learn independence and self-management, while others conclude they are beset by fears, victimized by older siblings, plagued by problems with schoolwork, and inclined to get into trouble. What is agreed is that the youngsters who are forced to stay inside are missing some of the best parts of childhood. Says Dale B. Fink, project associate with School-Age Child Care Project at Wellesley College: "They cannot go into the neighborhood, play hopscotch and baseball with the other kids. It's the difference between being imprisoned and being free."

Society will not know the consequences of the new child-rearing patterns for years. Meantime, the phenomenon of the dual-career couple is not going to go away. Like every generation before them, the dual-careerists will be wanting the best for their children. What they must keep in mind, says Zigler, is that "when parents buy child care, they are not just buying a service that permits them to go to work. They are buying an environment that determines the development of the child." Corporations and society need to keep that in mind too, for the sake of both present and future employees and citizens. ■

Au pairs en masse *arrive at New York's Kennedy Airport. After orientation, the 85 women and two men will meet the families they will work for.*



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